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alliance quebec QuebecNOTES

WEEKLY COMMENT & ANALYSIS ON THE COMING QUEBEC ELECTION

Published by the Communications Work Group at Alliance Quebec
Friday, August 5, 1994 - ISSUE # 8

HOW TO VOTE

The whole process starts Monday; Tell your neighbours

The office of the "Directeur General des Elections du Quebec" is your friend in this election. They are generally very friendly and are meant to be equipped to answer any and all of your questions.

Their toll-free phone number is: 1-800-461-0422.

They can tell you which riding you are in. They should be able to tell you if and how you might be eligible to vote. They can definitely tell you where the "Directeur(rice) du Scrutin" office is in your riding.

Knowing who is the Directeur du Scrutin and where to find them is important in this election because you need to find them if you miss enumeration or if you have a question about voting eligibility, "intention to return", "primary residence" or voting from outside Quebec.

ENUMERATION
runs from
AUGUST 8 - 10
(Monday to Wednesday)

For information call the Directeur des Elections du Quebec at:

1-800-461-0422

The last possible date to register is August 27. Advance voting is on September 4 & 5.

Media Days

- Campaign day 10 -

August 3 - Alliance Quebec gets a hold of a Saturday, July 30 **Toronto Star** with a feature. section-front article called "The Anglo Tango". It is generally dismissive of Anglo-Quebecers saying we are "sitting this one out". and refers to the "blank stares of the old-Anglo West Island".

As a counter-point to the "disillusionment" that all Anglos share, the article says young people in Quebec from places like Winnipeg and Hamilton "display an openness to and interest in francophone culture conspicuously absent among most native anglos."

- The PQ continues hammering away at Liberal "star" candidate Yvon Charbonneau.
- Liberal "star" candidate Fatima Houda-Pepin is presented in La Piniere.
- The PQ difficulties in Mercier continue.
- Parizeau's battle to get Richard Le Hir to keep his own counsel continues.
- Lucien Bouchard enters a rally for Jean Campeau ahead of Jean Campeau and calls upon Quebecers to be "coherent" and elect the PQ.
- **The Globe and Mail** reports the cracks in the PQ policy.
- It begins to be roundly reported that reading the PQ policy is one of the great hobbies of the election campaign. In fact the PQ report that they are all out of English copies.

.../over

Many of these issues are widely open to interpretation. Any questions on them should be directed to the 1-800 number listed above, or to your local Directeur du Scrutin.

However, here are some general points that may be of interest:

- To vote in a Quebec election you must have been a resident for 6 months.
- To vote as a Quebecer resident outside Quebec you must have left within 2 years and must have an "intention to return". Forms for this are available through the Directeur's office. This form must be must be filled in and returned by August 14.
- The last possible date to get on a voting list is August 27.
- The earliest possible date to vote (advance polling) is the Sunday and Monday of Labour Day; September 4 & 5.
- The law says that voters should vote in the constituency of their "primary residence". There is no specific rule for this. The decision can be up to the local Directeur du Scrutin, but the address on your driver's licences can be used as a general guide.

YOU MUST GET ON THE VOTERS LIST!

Enumerators should visit your residence on Monday, Tuesday and Wednesday of next week. You must be in touch with them to get onto the voters list, to be eligible to vote.

If you are not enumerated, because you were away, or because you couldn't be reached, you will not be eligible to vote. **Even if you were enumerated you ought to check to see you are on the list.** You can get enumerated, or check the list by getting in touch with your local "Directeur du Scrutin". You should know where that office is.

You, your neighbours and friends should be on the voters list. If you're not - do something about it.

WHY VOTE?

Anyone who is really creative in their indignation can find as many reasons not to vote as they can not to take the trash out.

Every vote counts. Percentage, or "popular vote" is very important to the winners and losers overall score. VOTE.

WORTH KNOWING:

Agriculture

Quebec NOTES
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Canada's agricultural supply management system oversees the marketing of dairy products, chicken, turkey, and eggs. Quebec (with one quarter of Canada's population) has quotas ranging from just under one-quarter to just under one-half of Canadian production, depending on the product. Producers benefit from this captive market share. Quebec has also benefited substantial federal subsidies for milk production, an area where its share of quotas approaches one-half.

In the changes to the agricultural support system that must follow the recent GATT agreement, farmers must face increasing foreign competition for these products. A Quebec outside Canada faces losing its Canadian market quickly to other "foreign" competition. GATT changes will force readjustments on Quebec's farms in any case. However, readjustment assistance from the rest of Canada - likely under a federal system - will not be available if Quebec separates.

Francization of small business

The PQ policy calls for "Franicization" programs to be implemented in businesses with more than 10 employees. The present levels are 50 employees or more.

According to the Quebec government (MICT 1990) 79.4% of all new jobs are created in the small business sector (1-49 employees). More than 900,000 Quebecers are employed by small businesses, and of the 172,788 businesses active in Quebec, 169,243 had less than 50 employees.

Francization would be a burden on the businesses and the bureaucracy needed to enforce it.

Media Days

- Campaign day 11 -

August 4 - Alliance Quebec's news conference on the need for youth issues to be addressed by the major parties receives wide coverage thanks to the **Presse Canadienne**.

- Bernard Landry blames the Liberals for losses at the government's SDI development program.
- Parizeau is seen spending the day contorting to clarrify that he and Lucien Bouchard do not disagree on when "sovereignty" negotiations start.
- The leaders' debate is finalized: two parties, Aug. 29. 90 minutes.
- Johnson targets "deadbeat dads".
- It is revealed Yvon Charbonneau donated to the PQ in 1993.
- **La Presse**'s business section runs a big story headlined "Quebec gets more from **Canada** than it puts in".
- The SSJB's Jean **Dorion** says signs are not a **pressing** issue.

- Campaign day 12 -

August 5 - The Globe & Mail writes up AQ's news conference, a day late, without attending, but almost better than it was presented.

- Johnson is embarassed at a plant opening when **Kemtec**'s Texas president says he'll stay regardless.
- The PQ's Mercier problems persist as M. Scortino comes under fire.
- The Liberals Chaboneau problems persist.
- Bouchard & Parizeau contradict each other.

WHAT FOREIGN INVESTORS ARE READING

This article appeared in this morning's Wall Street Journal:

THE WALL STREET JOURNAL, FRIDAY, AUGUST 5, 1994

The Bond Market Holds Quebec's Fate

Jacques Parizeau

The Americas

By Robert Bluhm

On Sept. 12, Quebec will hold what could be its last election as a province of Canada. The separatist Parti Quebecois is expected to win handily. It has vowed to use the vote as a mandate to make final preparations for declaring or negotiating Quebec's independence, subject to ratification by Quebec's citizens within a year.

Since the 1980 failure to get a mandate to negotiate a softer separation from Canada, nationalism has swept Quebec, making political independence ever more likely. But overborrowing by the Quebec government has made the ready made Quebec the industrial world's most economically interventionist subnational government.

Borrowing and taxing used to be easy for Quebec's government when it had a AA bond rating. Quebec's abundant supply of hydro-energy and ready U.S. customers helped secure its position with U.S. investors. Indeed, Quebec has been the world's only developing economy to be financed largely on the international public bond market, rather than being a ward of commercial banks.

But bond investors back only those governments whose economies give them the ability to service and repay debt. And despite the blessings of nature, Quebec's statist economy has been caught in the net of market realities. The cost of having the continent's highest relative government borrowing—at 1.1 times the gross domestic product—has pushed Quebec to an economic precipice.

Quebec had the worst GDP growth of Canada's regions in 1992 and in 1993: under 1% GDP growth over that two-year period, vs. 3% for all of Canada. Including Quebec's share of the national government's $300 billion in financial-market debt, Quebec is now the industrialized world's biggest state debtor relative to savings, and the biggest combined net importer of goods, services and investment relative to the size of the economy. Indeed, Quebec accounts for half of Canada's current-account deficit, although it has only a quarter of Canada's population. And with only a single-A bond rating now, the government of us increasingly "independent" Quebec could be shut out of the public bond market entirely should its ruling Parti Quebecois fail to push through the Sovereignty-Association referendum it has promised to hold by October 1995.

The government of an independent Quebec would certainly be hard pressed to find investors just to refinance its current share of the national government's AAA-rated debt, which matures twice as fast as the Quebec government's existing debt and trades much more often. Japanese investors, for instance, although accounting for about half the foreign holdings of the national government's debt, account for less than 10% of the Quebec government's current foreign debt. U.S. pensioners and insurance policy-holders are left holding a disproportionate three-quarters of the Quebec government's foreign debt. Those holdings—nearly $13 billion (U.S.)—are principally in the bonds of the Hydro-Quebec state electric utility, the industrial world's biggest corporate debtor both to U.S. investors and in U.S. dollars.

In June, Quebec had to face the embarrassing situation of acquiescing to investor pressure to shorten the effective maturity of a $100 million U.S. public bond offering for Hydro-Quebec. Then Williams College became the latest U.S. endowment to announce divestment of Hydro-Quebec bonds, citing its investment manager's concern over Quebec's separation from Canada. The entire Canadian bond market dropped further when the election was finally announced last week. U.S.-dollar denominated export commitments by Hydro-Quebec to northeastern U.S. electrical utilities needed to service Hydro's U.S.-dollar debt are no longer in demand because they're too costly.

With Canada's federal provincial debt now joining Italy's in exceeding annual economic output, the approaching events in Quebec have made the entire Canadian bond market the world's worst performing this year. And with financiers placing much of the onus for bond market uncertainty and high interest rates on Quebec, the federal government may try to immunize the rest of Canada from paying the increase in interest costs on its bonds caused by the devabbling influence of Quebec's economy. It could do this by earmarking which of the Canada bonds currently held by each investor would be the ones eventually converted to Quebec government bonds, establishing a separate market for them and charging Quebec taxpayers the higher cost of refinancing them.

Faced with creditor refusal to finance enough of the Quebec government's deficit and maturing debt at acceptable cost, Quebec may be forced to reduce government spending. Sustained creditor pressure may also reduce separatist motivation for independence, which is perceived as a blank check for a statist regime that is becoming increasingly difficult to finance.

But even if Mr. Parizeau's PQ actually goes through with and wins the Independence referendum, a separate government would still face the stark choice of eliminating statism or imposing statist authoritarianism. Should an independent, cash-poor Quebec finally be forced by market realities to abandon statism, it could get cash by privatizing Hydro-Quebec, the world's biggest hydro-electricity producer, and by tapping unparalleled opportunities for reducing tax rates and deregulation. The economy would then be ripe for equity investment as a strong emerging market. Quebec's citizens would then be free to get on with their lives in an open economy, unfettered by a political agenda.

Mr. Bluhm is an investment banker and fellow at the American Institute for Economic Research in Great Barrington, Mass.